

INSIDER TRADING:

Trading on the basis of material, nonpublic information, violating a fiduciary duty to the investors with which the trade occurs

The logo for proCS, featuring the text 'proCS' in a stylized font with a green square containing the letters 'CS'.

Seeking to facilitate Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 requirements

Insider Trading Management – A Regulatory Compliance

Insider trading is viewed as a serious crime as it breached the underlying trust among the stakeholders in a free and fair capital market. However Insider Trading violations and leakage of unpublished price sensitive information (UPSI) have become increasingly common even though the consequences can be severe and cause reputational damage.

In recent years, SEBI brought about wide-ranging regulatory amendments to enhance compliance related to prevention of Insider Trading (PIT) to make market manipulations easily identifiable and to ensure a fair and level playing field to Indian capital markets

Summary of PIT Regulations & Recent Amendments

- Maintenance of structured digital database for Insiders that shall be managed internally by the organization
- No Trading from end of quarter till 48 hours after declaration of financial results - Trading Window Closure
- To regulate, monitor and report trading by Insiders and immediate relatives of Insiders
- Trading while in possession of UPSI shall be deemed to be motivated by UPSI
- Compliance officer to determine persons who have access to UPSI while maintaining structured database
- CEO, MD and other persons shall be responsible for ensuring effective system of internal control
- Any Non Compliance on Insider Trading Code of Conduct to be reported by CO to SEBI along with Board

Institutional mechanism for Prohibition of Insider Trading using proCS App

Internal Control Check Points

1. All employees who have access to UPSI are identified as Designated Person (DP) and kept confidential in Digital Database
2. Schedulers are set to intimate Insiders to submit their Declarations Bi-Annually or as required to keep their profile updated
3. Declaration Submission is now a statutory compliance and shall be provided by DP as & when required by organization
4. Knowledge Sharing sessions to educate DP restrictions on communication or procurement of UPSI
5. Log of all employees or people with whom UPSI is shared shall be maintained & confidentiality agreements shall be signed
6. DP need to seek **pre-clearance** on Trade from Compliance officer if Trading above the prescribed limit as set by the organization in their Insider Code of conduct policy
7. Tracking of Trade done by Insiders has to be regulated by the organization (Via BENPOS Integration) and all the related Non Compliances such as – Trading above prescribed limit without pre-clearance by CO, Trading insider Window closure &/or Contra Trade now have to be reported to SEBI along with Board with a show cause notice to the DP in non-compliance.
8. Periodic process of review shall be made by Audit Committee and CO on the effectiveness of internal controls

proCS - Insider Trading Compliance Software



proCS Insider Trading App is a web-based PIT compliance software designed to automate reporting, approvals, disclosures relating to company securities and to meet the regulatory requirement of maintaining a digital database. The tool helps strengthen internal controls with respect to PIT and saves valuable time and bandwidth for the management.

Key Features

Trading Window



Plan & Schedule your Trading Window Schedules with email based reminders to users. Dynamic email templates & RSS feeds to keep users updated, pre-clearance requests cannot be submitted

DP Declarations



Easy Declaration submission forms for Insiders along with complete audit logs & non compliance tracking on non submission of declarations by Insiders. Auto schedulers intimate insiders for periodic declarations

Pre-Clearances



Simple forms for Pre-Clearance with email based review & approval from CO along with complete Trading history of Insider. Auto cancellation of pre-approved requests if falling within Trading window as set by CO

UPSI & Audit Trails



Create UPSI Groups or dedicated UPSI email id to track and log complete UPSI tracking. Complete Audit Trail as recommended by SEBI on Declarations, User Details, Pre Clearances and UPSI sharing

BENPOS Integration



Upload BENPOS in any format to track and check the Trades & Non Compliances by the Insiders. Create show cause notice tasks to non compliance users for generation of compliance reports to be submitted

Compliance Forms



Auto Create Compliance Forms Like – Disclosure of Trades, Annual Disclosures, Pre-Clearance Request & Undertaking, Pre-Clearance Order, Disclosure of Pre-Approved Transactions & Change in Holding

Our Directors and Mentors



Mr. Ajay Sancheti

Director

Ex: VP Secretarial & Head Legal for Spark Minda Group for more than 25 Years



Mr. Ranjeet Pandey

Advisory Board

ICSI President (2019-20) & Managing Partner of Ranjeet Pandev & Associates



Mr. K C Jain

Director

Ex IAS and Principal Chief Commissioner of Income Tax Department - GOI



Mr. Rajendra Chopra

Advisory Board

Company Secretary of CIPLA Limited with over 20+ years of experience